

Agenda

City Council

Study Session

MONDAY
July 19, 2004

6:00 – 8:00 p.m.
Council Conference Room

Page

1. Executive Session

(a) Pending litigation (*approximately 30 minutes*)

(b) Property acquisition (*approximately 30 minutes*)

2. Study Session

(a) New City Building project management during construction

NCB TEAM
Matt Terry/
Carla Weinheimer

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(Staff seeks confirmation of proposed project management strategies)

3. Discussion

(Study Session may reconvene after the Regular Session if all items are not completed prior to 8:00 PM)

City Council meetings are wheelchair accessible. American Sign language (ASL) interpretation is available upon request. Please phone 452-6805 at least 48 hours in advance.



City of Bellevue

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

New City Building Project Management During Construction

STAFF CONTACT

Matthew Terry, PCD Director, 452-6191

Carla Weinheimer, Community Development Manager, 452-4114

POLICY ISSUES

Confirmation of project management strategies during the construction phase of the New City Building project.

DIRECTION NEEDED FROM COUNCIL

- ☒ Action
- ☒ Discussion
- ☒ Information

On June 1, 2004, Council adopted a series of ordinances that set in motion the construction phase of the New City Building Project including the GC/CM construction contract and final direction on the project scope and budget. The contractor has started the construction bidding process and expects to break ground on the project in early August. During the construction phase, the City plays a key role in the overall success of the project. The purpose of this study session is to inform Council about the project management systems that are in place to monitor and control project scope, budget, schedule, and use of contingency.

We will be asking Council to reconfirm the contingency management policy and to approve the scope and format of the Council Monthly Project Report.

BACKGROUND/ANALYSIS

Over the last month and a half the project team has been preparing for the start of construction. The design team released the planned early packages to the contractor on schedule at the beginning of July. The GC/CM contractor is working through site readiness and the preparation and release of subcontractor bid packages for an August construction start. The project team meets weekly to work through project issues. Council has been copied on the minutes of these meetings. Following is an outline of the planned presentation to Council which will provide an overview of the project process and project management approach during the construction phase of this project with a particular focus on cost controls and contingency management.

Outline of the Presentation

1. Project Process Overview
 - a. Schedule Overview
 - b. Description of Bid Packages
 - c. Site control/access
 - d. Final buyout timing
 - e. Roles and responsibilities
 - i. Lease Crutcher Lewis
 - ii. SRG Partnership
 - iii. City Staff/Seneca
 - iv. Council
 - f. Contingency management policy
2. Project Management
 - a. Project management introduction
 - i. How to be an effective owner during the construction process
 - ii. Typical project process/expectations during construction—particularly related to use of contingency and standards for errors and omissions
 - iii. Typical project risks and processes in place to mitigate risk
 - iv. Cost control processes
 - v. Schedule review
 - b. Description of Contingencies including type of changes that affect each contingency
 - c. Process for change approvals when quick turnaround is needed
 - d. Council role in contingency management
3. Project Tracking
 - a. Council Monthly Project Report Format
 - i. Budget tracking
 - ii. Contingency tracking
 - iii. Schedule tracking
 - iv. Change Order tracking
 - v. Soft Cost tracking (contracts, FFE, technology, etc.)

Contingency Management Policy

On March 22, 2004 the City Council approved the following contingency management policy:

The City Manager or his designee is authorized to approve use of the project contingency accounts up to \$100,000 for any single item. Any single item change requiring use of contingency in excess of \$100,000 will require approval by the City Council. In instances where a change needs to be approved, and the Council is not in session (December holiday, August Break), the City Manager or his designee is authorized to approve the change, even if the dollar value of this change exceeds \$100,000. City Council will receive monthly project reports including a detailed accounting of use of contingency funds.

Please see Attachment "A" for a detailed description of the different contingencies included in the project budget.

Please see Attachment "B" for a copy of the City Manager's memo to staff outlining the signature authorization policies for this project.

Council Monthly Project Report

Attachment "C" is a copy of the July Council Monthly Project Report for Council review. The project team would like to have confirmation from Council that the format and scope of the report provide the kind of information Council would like to have to review progress on the project.

ALTERNATIVES

1. Reconfirm that the contingency management policy & scope and format of the Council Monthly Project Report is acceptable to Council.
2. Provide alternate direction.

RECOMMENDATION

Move to reconfirm the contingency management policy outlined in this agenda memo.
Move to approve the scope and format of the Council Monthly Project Report.

ATTACHMENT(S)

Attachment "A": Description of Project Contingencies

Attachment "B": Memo from Steve Sarkozy outlining signature authorization

Attachment "C": July Council Monthly Project Report

Attachment "A"

Description of Project Contingencies

A detailed description of project contingency is included here for Council review. The approved project budget includes contingency totaling \$8,603,593 as described below. Although every effort will be made to carefully manage use of the project contingency, for planning purposes, it is assumed that the project contingency will be spent. Each change request that affects the contingencies that are under City control will go through a rigorous review process prior to the City's approval.

Buyout contingency (\$1,860,567). The GC/CM contract includes a buyout contingency to "cover potential subcontract cost to address reasonable fluctuations of market conditions at the time of bidding and possible estimating inaccuracies if the aggregate of the initial subcontract bids exceeds the total estimated amount of those bids" (See Section 8.3.3 of the GC/CM contract). Escalation of costs from the time of the MACC estimate to actual bid dates is also accounted for in this contingency. The contract specifies how the buyout contingency is accounted for. Any portion of the buyout contingency not used by the project is returned to the City.

GC/CM Contingency (\$1,561,315): This amount is set aside in the GC/CM MACC to cover costs which are properly reimbursable as costs of the work but not a basis for a Change in the Work. With the City's written approval, the GC/CM may use the contingency for items for which it is responsible, minor errors and omission in the contract documents, coordination errors and omissions between separate contract documents, and interference between Subcontractors. Use of the contingency must be authorized by the City.

Owner Contingency (\$3,706,655): This amount is set aside to cover construction Changes in the Work that are not included in the MACC. Typical reasons for Changes in the Work include Changes Requested by the City, Planned Added Work Requested by the City, Unforeseen Conditions, Unanticipated Regulatory Requirements, A/E Revisions, Schedule issues or other miscellaneous issues. Use of this contingency must be authorized by the City.

COB Cost Contingency (\$1,475,046). The COB cost contingency is intended to cover unanticipated cost changes that occur during project development for those aspects of the budget controlled by the City (e.g. technology, furniture, fixtures, equipment, consultant fees, utilities relocation, moving costs, etc).



MEMORANDUM

DATE: July 14, 2004
TO: Ed Oberg, Matt Terry, Carla Weinheimer, Frank Pinney
FROM: Steve Sarkozy
SUBJECT: Signature Authorization for City Hall Project

Please follow this direction regarding delegation of authority for authorizing any construction changes on the City Hall Project:

- Single item changes valued over \$100,000, Council approve; City Manager (Steve Sarkozy) and Project Manager (Carla Weinheimer) sign
 - When Council is not in session, City Manager approves; City Manager and Project Manager sign
- Single item changes valued between \$50,001 - \$100,000, City Manager/Project Manager approve and sign
- Single item changes valued between \$0 – \$50,000, PCD Director (Matt Terry)/Project Manager approve and sign

When City Manager is unavailable, Deputy City Manager (Ed Oberg) is authorized to approve and sign.

When PCD Director is unavailable, Deputy City Manager is authorized to approve and sign.

When Project Manager is unavailable, Assistant Project Manager Frank Pinney is authorized to sign.

Core team review will occur prior to any change authorization unless an authorization delay would cause significant hardship to the project. Seneca review will occur prior to any change authorization.

Attachment "B"

Bellevue City Hall
Executive Summary Progress Report
July 2004

This report indicates status of work performed over the past month as well as work tasks to occur in the near future and any significant budget or schedule impacts. Key issues that the project team is currently working on are also listed.

Project Status:

- The excavation shoring package was issued for bid in June with the work awarded to Northwest Construction. The value of the award was below the MACC estimate.
- The Phase 1 design package was issued July 6th for Construction. The package includes Demolition, Structural and Curtainwall design. The Curtainwall and Structural design will be issued for bid immediately with bid openings scheduled for early August.
- Lewis was issued a limited notice to proceed on July 2, 2004. They will begin the mobilization on the site including the setup of jobsite trailers.
- The main electrical service to the building will be relocated as one of the first construction activities.
- Permit applications have been submitted to the City of Bellevue for the site clearing and grading and shoring.

Budget:

- The total project projected cost at completion remains \$101,550,621.

Schedule:

- A project schedule was issued by Lewis and accepted for inclusion in the Contract Documents. The schedule will be reviewed weekly with monthly updates issued by Lewis Construction. The schedule shows a substantial completion date of November 11, 2005 for the main building with a substantial completion of January 27, 2006 for the Council Chambers.
- Lewis is reviewing the schedule to determine the feasibility of accelerating the completion of the Council Chambers to December 2005.

Issues:

- Working with Qwest to get their data cable moved out of the way of the excavation that is scheduled to start in August.

New City Building
Budget Performance as of June 30, 2004
(\$000's)

<u>Expenditures</u>	<u>Budget 6/1/2004 Ord 5523</u>	<u>Current Month Expenditures / Revenues</u>	<u>Project Expenditures / Revenues to Date</u>	<u>Balance Remaining</u>	<u>% Remaining</u>
A. QWest Acquisition	\$29,983	\$76	\$29,838	\$145	0%
B. Campus Sale Costs	4,111	154	1,293	2,818	69%
C. Construction	71,247	0	283	70,964	100%
D. COB Project Costs	16,813	428	4,702	12,111	72%
E. Special Technology	5,700	60	134	5,566	98%
TOTAL PROJECT COST	\$127,854	\$718	\$36,250	\$91,604	72%
<u>Revenues</u>					
A. Campus Sale Proceeds	\$24,268	\$0	\$24,268	\$0	0%
B. Investment Income	214	0	146	67	7%
C. QWest Rent	1,556	0	1,556	0	0%
D. Other Revenue	266	0	0	266	100%
TOTAL PROJECT REVENUE	\$26,303	\$0	\$25,970	\$333	1%
NET CIP	\$101,551				

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New City Building
Budget Performance as of June 30, 2004
(\$000's)

	Budget 6/1/2004 Ord 5523	Current Month Expenditures / Revenues	Project Expenditures / Revenues to Date	Balance Remaining	% Remaining
Expenditures					
A. QWest Acquisition Costs	\$29,983	\$76	\$29,838	\$145	0%
B. Campus Sale Costs	4,111	154	1,293	2,818	69%
C. Construction					
1 GCC - Guaranteed Const Cost	66,877	0	0	66,877	100%
2 Preconstruction	310	0	283	27	9%
3 Owners Construction Contingency	3,707	0	0	3,707	100%
4 WSST/Owner's Const Contingency & Precon	353	0	0	353	100%
Construction Budget Total	71,247	0	283	70,964	100%
D. COB Project Costs					
1 FF&E Combined	3,196	0	0	3,196	100%
2 Art	893	0	0	893	100%
3 Architectural / Engineering	7,287	391	3,480	3,807	52%
4 COB Consultants	1,880	24	547	1,334	71%
5 Project Management	408	10	171	238	58%
6 COB Cost Contingency	1,475	0	0	1,475	100%
7 Insurance & Permits	686	3	18	669	97%
8 Project Liability Insurance	487	0	487	0	0%
9 Moving Expenses	500	0	0	500	100%
COB Project Costs Total	16,813	428	4,702	12,111	72%
E. Special Technology Costs					
1 Telecom Cabling (Street Recabling)	900	27	63	837	93%
2 Technology Systems Allowance	1,800	24	49	1,751	97%
3 Comm Center Systems Relocation	3,000	9	22	2,978	99%
Special Technology Costs Total	5,700	60	134	5,566	98%
TOTAL PROJECT COST	\$127,854	\$718	\$36,250	\$91,604	72%
Revenues					
A. Existing Campus Sale Proceeds	\$24,268	\$0	\$24,268	\$0	0%
B. Campus Proceeds Interest	214	0	146	67	7%
C. QWest Rent	1,556	0	1,556	0	0%
D. Other Revenue	266	0	0	266	100%
Revenue	\$26,303	\$0	\$25,970	\$333	1%
NET CIP	\$101,551				

New City Building
Contingency Summary as of June 30, 2004
(\$000's)

	Budget 6/1/2004 Ord 5523	Current Month	Project to Date	Balances Remaining	% Remaining
A. Buyout Contingency (in GCC)	\$1,861	\$0	\$0	\$1,861	100%
B. GC/CM Contingency (in GCC)	1,561	0	0	1,561	100%
C. Owner's Construction Contingency	3,707	0	0	3,707	100%
D. COB Cost Contingency	1,475	0	0	1,475	100%
TOTAL CONTINGENCIES	\$8,604	\$0	\$0	\$8,604	100%

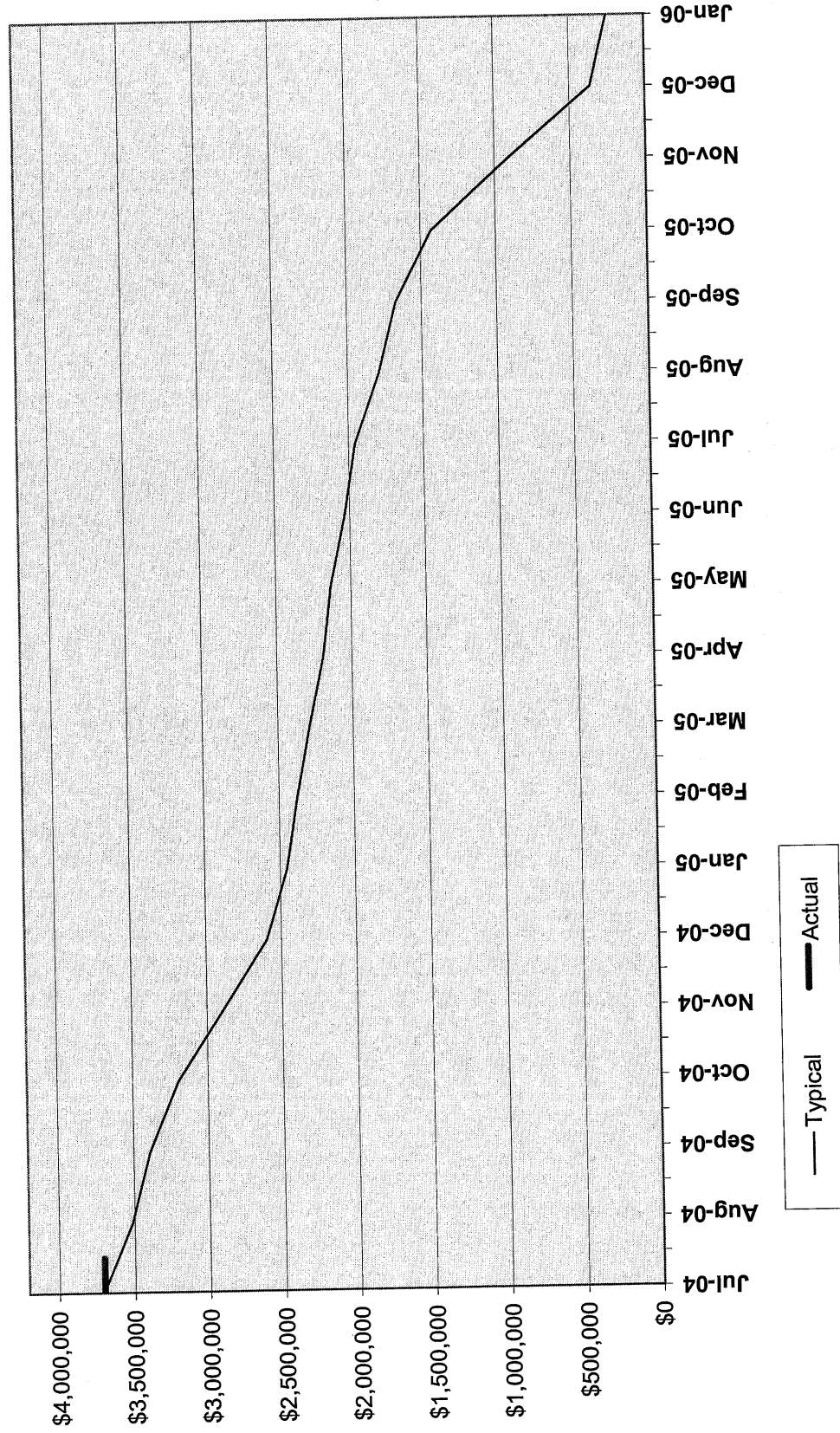
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MACC Budget Change Authorization Log

SS 2-10

Bellevue City Hall **Owner Construction Contingency Remaining**

July 15, 2004



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GC/CM Contingency Log

SS 2-12

COB Costs Contingency Log

SS 2-13

Contract Status Report

7/14/2004

SRG Contract

BASE (Includes Architecture, Interiors, Site, Structural and MEP Engineering)			
	Committed	Expended	
	\$6,537	\$3,271	
Other Sub Consultant Allowance (in contract at \$750,000 max)			
These are added on an as needed basis.			
	Committed	Expended	
A/V			
Acoustics	69	47	
Art Management			
Bldg Enclosure	97	40	
Elevator	37	13	
Energy LCCA			
Furniture Dealer Specs			
Graphics	40	40	
Life Safety/Code	30	22	
Models/Renderings			
Water Features			
On Site Representation			
Special Tech Systems			
Early Packages	227	45	
SUBTOTAL SUBS	501	209	
TOTAL SRG CONTRACT	\$7,038	\$3,480	

Other COB Contracts

	Budget	Committed	Expended
Police Dept. Rep.	\$25	\$25	\$14
Service First Cons.	14	14	14
Communications	44	44	44
Public Safety Program/Review	160	160	103
911 Relocation	443	443	32
Legal Svcs	45	45	27
GC/CM Selection / Prj Mgmt	318	318	62
GC/CM	310	310	283
Technology Systems Management	763	763	169
System, Heating, AC	3	3	3
Transportation Consultant	53	53	31
Art Selection/Management	23	23	4
Mechanical System Evaluation	12	12	12
Offsite Recabling Management	180	180	20
Offsite Recabling Design	47	47	37
Testing/Inspection/Balancing	715	0	0
Surveys	40	37	37
Soils/GeoEngineering	150	40	40
Mothball M&O	245	245	164
TOTAL	\$3,590	\$2,763	\$1,097